

Message Text

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21

ACTION EB-07

INFO OCT-01 AF-06 IO-11 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

XMB-02 OPIC-03 ABF-01 /104 W
----- 095545

R 211145Z JAN 76

FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 523

INFO AMEMBASSY NAIROBI

AMCONSUL ZANZIBAR

USDEL MTN GENEVA

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NAIROBI ALSO PASS REDSO

E.O.11652: N/A

TAGS: EINV, ETRD, TZ

SUBJECT: EXPROPRIATED US PROPERTY AND ELIGIBILITY FOR GSP

REF: (A) DAR ES SALAAM 074, 74 DAR ES SALAAM 5624,
(B) DAR ES SALAAM 066, STATE 5987, (C) STATE 12373

1. SUMMARY: MINISTER OF TRADE, RULEGURA, CALLED IN ECONOFF
ON 20 JAN TO DISCUSS GSP AND TANGOV ELIGIBILITY. PRINCIPAL
SECRETARY OF MINISTRY, CHEYO, AND FOREIGN TRADE COMMISSIONER,
LUMAMA, WERE ALSO PRESENT. MEETING FOCUSED ON THE LIKELIHOOD
OF TANZANIA'S REMOVAL FROM ELIGIBLE LIST UNLESS IT MAKES
PROGRESS SOON ON PENDING COMPENSATION AND DEBT CASES. DEVELOP-
MENTS TO DATE IN THIS REGARD NOT ENCOURAGING. THERE WAS ALSO
GENERAL DISCUSSION OF NATURE OF GSP, TANZANIAN EXPORTS, NEW
ECONOMIC ORDER, MTN ISSUES AND RECENT IMF MEETING. END SAMMARY.
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2. RULEGUAR BEGAN BY ASKING WHETHER TANZANIA HAD BEEN REMOVED FROM GSP ELIGIBLE LIST IN VIEW OF UNSETTLED COMPENSATION CLAIMS. ECONOFF RESPONDED THAT WASHINGTON HAD NOT YET INFORMED US OF TANZANIA'S STATUS FOLLOWING INTERAGENCY GROUP'S REVIEW MEETING IN DEC, BUT ADDED THAT HE PERSONALLY WAS GLOOMY. WITHOUT SOME POSITIVE MOVEMENT ON COMPENSATION CASES SOON IT UNLIKELY THAT TANZANIA COULD MEET LEGISLATIVE CONDITIONS FOR ELIGIBILITY. IN ADDITION, FAILURE OF TANGOV TO HONOR ITS CONSENT AGREEMENT TO PAY \$4 MILLION TO US FIRM NELLO TEER (SEE REF B) WOULD SEEM RAISE ANOTHER LEGISLATIVE QUESTION RE TANZANIA'S ELIGIBILITY FOR GSP.

3. AT MINISTER'S REQUEST, ECONOFF REVIEWED EMBASSY'S EFFORTS OVER RECENT MONTHS TO ALERT SENIOR TANGOV OFFICIALS OF RISKS IN REGARD TO GSP AND ECONOMIC ASSISTANCE. RULEGURA AND CHEYO SAID THEY ALSO WOULD DISCUSS THESE ISSUES WITH COLLEAGUES CONCERNED AND ATTEMPT PROD THEM INTO ACTION. MINISTER SAID HE REALIZED THAT ACTUAL OR POTENTIAL BENEFITS TO TANZANIA FROM GSP WERE NOT VERY GREAT BUT HE HOPED THAT ANY IMPEDIMENTS TO BETTER US-TANZANIA TRADE RELATIONS WOULD BE REMOVED.

4. IN GENERAL DISCUSSION ON GSP, NEW CONOMIC ORDER, ETC. THAT FOLLOWED, ECONOFF DREW ON REF C AND EARLIER GUIDANCE THESE ISSUES TO EXPLAIN USG POLICY INITIATIVES. MINISTER ASKED SPECIFIC QUESTIONS ON US POSITIONS ON MTN, INDEXATION AND OTHER TOPICS BUT DID NOT ELABORATE HIS OWN OR TANGOV APPROACH.

5. IN RELATED DEVELOPMENTS, PRINSEC OF FINANCE HAS NOT YET CORRESPONDED WITH AID DIRECTOR ON COMPENSATION CASES (DAR 074). IN RESPONSE ECONOFF QUERY JUST PRIOR MEETING, TREASURY REGISTRAR SAID THERE NO FURTHER PROGRESS ON FOUR PENDING CASES (SEE REF A) AND GAVE FOLLOWING EXPLANATION:

A. JUST COMPLETED REASSESSMENT OF VON ZASTROW CLAIM IS ABOUT SAME AS BEFORE. SINCE EARLIER OFFER HAD BEEN REFUSED, THERE NOT MUCH POINT IN COMMUNICATING RESULTS TO VON ZASTROW.

B. NATIONAL HOUSING CORP WILLING SETTLE WITH STADLER/FORBES ON HOUSES BUT UNABLE LOCATE ITS ASSESSMENTS AND OTHER RECORDS.

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C. REGISTRAR OF BUILDINGS STILL CHECKING ITS FILES FOR BACK-GROUND ON CALTEX EXPROPRIATION.

6. CAPT MAY'S REPRESENTATIVE WROTE US ON 20 JAN THAT PARTNERS HOLDING OFF SIGNING COMPENSATION AGREEMENT BECAUSE MIINFINANCE WILL NOT GIVE ASSURANCE THAT CAPT MAY'S SHARE OF SETTLEMENT WILL BE PAID IN FOREIGN EXCHANGE. LETTER ASKED FOR EMBASSY'S ADVICE AND ASSISTANCE.

7. ACTION REQUESTED: AS POSSIBLE MEANS TO RESOLVE CAPT MAY'S CONVERTIBILITY PROBLEM, EMBASSY REQUESTS DEPT SEEK TREASURY AUTHORIZATION FOR USDO TO PURCHASE APPROXIMATELY 100,000 SHILLINGS ARISING FROM COMPENSATION SETTLEMENT THROUGH ACCOMMODATION EXCHANGE. EMBASSY HAS ALSO CONSIDERED POTENTIAL AMOUNTS FROM OTHER PENDING COMPENSATION CASES AND HAS CONCLUDED THAT THESE AMOUNTS WOULD NOT EXCEED USDO NORMAL SHILLING PURCHASES (NELLO TEER NOT CONSIDERED). UPON RECEIPT AUTHORIZATION REQUESTED, EMBASSY WOULD APPROACH TANGOV WITH PROPOSAL. EMBASSY HAS NOT DISCUSSED FOREGOING PROPOSAL WITH TANGOV OR CAPT MAY'S REPRESENTATIVE.
SPAIN

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